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February 22, 2005

VIA HAND DELIVERY

The Honorable Reginald C. Lindsay
UNITED STATES DISTRICT COURT
One Courthouse Way
Boston, MA 02210

**Re: Argonaut Insurance Company
Vs: First State Insurance Company
C.A. No.: 05-CV10184-RCL**

Dear Judge Lindsay:

I am writing to advise the court on behalf of both First State Insurance Company and Argonaut Insurance Company that the parties are discussing settlement and request that any decision on Argonaut's Motion for an Order Confirming Arbitration Award and the Motion to Impound be held in abeyance pending the outcome of those settlement discussions.

The parties will further advise regarding the status of the settlement discussions in the near future.

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Please contact us if you have any questions. Thank you for your courtesy and cooperation.

Very truly yours,

PRINCE, LOBEL, GLOVSKY, TYE, LLP



Thomas M. Elcock

TME:kt

Enclosures

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